

# **Corrective Action Plan**

## **APA Audit Report for the Year Ending June 30, 1997**

### **Develop Systems in Accordance with an Overall Project Plan**

OIM is not adequately managing VISION to ensure the project's timely completion. OIM has not followed their overall project plan and timelines for VISION. As noted in the prior audit, OIM prioritizes project tasks based on funds available in user divisions rather than the original project plan. Management of the project in this manner jeopardizes the project's completion and overall effectiveness.

VISION implementation is nine months behind schedule. OIM has not formally identified and addressed reasons for this delay. We reviewed contract employees' status reports for the accounts receivables and WIC subsystems. These reports identified delays that VISION project management has not addressed. By not identifying and addressing project delays, management risks compounding these delays and failing to be able to coordinate interrelated functions.

The delay in implementing the PCMS and WIC modules of VISION could impact Health's ability to meet Year 2000 requirements. After determining that existing systems were not Year 2000 compliant, OIM planned to replace all systems through VISION before January 1, 2000. OIM has not evaluated the impact current or future VISION delays will have on the systems' ability to be Year 2000 compliant. Without current and updated plans that review the impact of VISION delays, Health may risk the collapse of systems supporting vital services if it does not replace or correct noncompliant systems by January 1, 2000.

OIM should immediately update their project plans and timelines for the remaining VISION development and complete tasks in accordance with this revised plan. The plan should prioritize projects to ensure all critical systems are compliant by January 1, 2000 and formally allocate resources in accordance with the project plan. Project managers should continually identify and address the impact of project delays on the overall project plan.

### **Management Plan for Corrective Action**

An Agency Information Management Advisory Committee (AIMAC) has been established to address these and other issues. The development of the VISION funding structure, priorities for development, and consequently for budget, are tasks now assigned to the AIMAC. Since the AIMAC is primarily a senior management committee, the status of various projects will be addressed by management on a quarterly basis. The nature of the reporting by OIM to the AIMAC will be established by the AIMAC, and is likely to be on a monthly basis during the near future. OIM employed Craig Johnson as project manager over the entire VISION project during October 1997. Craig is working to update the project plan. An updated draft of the plan is scheduled for presentation to the AIMAC at its March 30, 1998 meeting. The project manager reports to the Acting OIM Director. **Responsible Person - Carl Armstrong, MD, Chairman of AIMAC**

**Jared Florance, M.D. – Acting OIM Director**

### **Develop Overall Project Budget and Monitor Costs**

OIM has not prepared a comprehensive budget for VISION and has not accumulated all project expenses. Management has not set aside funds for the completion of the project. This leaves completion dependent on divisions allocating funds from their current operations. OIM prepared a budget for phase one of VISION, but did not include equipment costs that totaled \$2.4 million in fiscal 1997 alone. OIM has not prepared a budget for phase two of the project. In addition, OIM has understated project costs by \$700,000 in its comparison of actual VISION costs to the budget.

Failure to establish a proper budget, set aside funds for completion of the project, and monitor project costs jeopardizes the completion of all sub-systems. OIM should develop a detailed project budget for VISION that corresponds to the project plan. Senior management should review and approve the budget and set aside funds to ensure sufficient resources are available to complete the project on schedule. OIM must monitor progress against the project plan and budget. They should accurately and promptly report progress and costs to senior management.

### **Management Plan for Corrective Action**

It should be noted that as an enterprise information system, VISION is an ongoing program, not a one-time purchase. Accordingly, budgeting beyond the Commonwealth's budget cycle must of necessity be on an "as funds are available" basis. Because a range of Federal, State, grant and local sources has supported VISION, the justification and approval mechanisms have varied. While each component of the total budget was available in one or more documents, these components were never assembled into a composite document. This is now being done, using the infrastructure/application layer model to describe the costs.

The majority of the accuracy issues with financial reporting resulted from the lack of a Business Manager charged with responsibility for these matters. An acting Business Manager, Gay Cohn, has been appointed, and is currently bringing the financial state (and records) of OIM up to par. A permanent Business Manager will be hired to assume these

responsibilities. Infrastructure costs have not consistently been identified as being "VISION related". This will be resolved as part of the infrastructure/application layer model. Time and attendance reporting will be reviewed by the Acting Business Manager as a means of bringing this program into compliance with standards.

The decision as to which positions should be distributed to development costs and the mechanism for allocating the cost will be considered by the AIMAC.

A phase 1 - VISION budget status report was submitted to the AIMAC at the January 14, 1998 meeting. A Phase 2 VISION draft budget is scheduled to be reviewed at its March 30, 1998 meeting.

**Responsible person – Jared Florance, M.D.- Acting OIM Director**

### **Improve Project Oversight and Management**

OIM does not adequately monitor or report VISION status to senior management or users involved in system development. Although contract employees submit periodic updates to project managers, OIM has issued only one overall project status report since April 1997. However, that report did not adequately address five of the nine sub-systems under development in phase one. Without an effective mechanism to report project status, senior management cannot monitor project costs.

Project managers should monitor project progress against the project plan and budget and report progress to senior management through monthly status reports. Senior management can then effectively shift project priorities or resources, obtain additional resources when necessary, and focus project efforts toward the initial objectives.

### **Management Plan for Corrective Action**

Health recently created the Agency Information Management Advisory Committee (AIMAC) which is composed of senior management and chaired by the Acting Deputy Commissioner for Public Health. AIMAC recommends priorities for information projects and funding to accomplish information goals, reviews ongoing project status reports provided by OIM, and provides quality oversight of information initiatives. AIMAC reports to the Commissioner at least quarterly, on the status of its work. A complete VISION status report is to be presented to the AIMAC at its March 30, 1998 meeting.

**Responsible Person – Jared Florance, M.D. - Acting OIM Director**

### **Strengthen Information Security**

We noted the following weaknesses in Health's internal controls over information system security:

- a). Health departments receive highly confidential data over unsecured telephone lines. Some health departments use printers accessible to all employees to print laboratory test results for AIDS and sexually transmitted diseases.

- b). System administrators at district offices have unlimited access to create patient accounts in the Patient Care Management System and post payments to patient accounts. This could result in improper or unauthorized transactions.
- c). Clerical personnel at the Alexandria Health Department can perform system administration functions. Clerical personnel generally do not have the training or expertise to perform these functions properly. Errors in this function may compromise system security and data integrity. Only individuals with the documented training and need to perform the system administrator function should be given this level of system access.
- d). WIC clinic employees can set up recipient accounts, enter and update recipient eligibility information, and approve recipients for benefits in the WIC system without supervisory review or independent reconciliation. These employees also reconcile unmatched WIC checks. This lack of segregation of duties increases the risk that employees can initiate incorrect or fraudulent transactions. This issue is the result of limited security functions in the current WIC system and inadequate compensating control procedures to address the system weaknesses. Health plans on addressing this issue through the implementation of the WIC sub-system in VISION. Several WIC employees at the central office have full update access to the WIC system although their job responsibilities do not require this level of access.

Management should immediately strengthen physical security over sensitive data. Health should encrypt confidential data before electronic transmission and only print this information on properly secured printers. Management must also charge OIM and Internal Audit with a continuous review of information systems security including physical security, access rules, and network security. Health should set up appropriate procedures to periodically evaluate each employee's system access and limit access to only needed functions.

#### **Management Plan for Corrective Action**

Health management has consistently striven to improve information security. This is evident in the number of prior year APA audit recommendations implemented during the last two years. VDH Internal Audit has taken an active role in following up noted weaknesses to ensure corrective action is implemented, and in the performance of district security reviews.

- a). Reporting over non-secure lines of lab data is done only by the corporation holding the state contract, not by state agencies. The contractor provides the printer, which is normally located in an area considered to be adequately secure for the records in which the lab reports will be stored. It will be recommended that future contracts be

amended to require encryption for transmission and that the security of printer locations in health departments be reevaluated.

**Responsible Person : Jared Florance, M.D. - Acting OIM Director**

- b). Health plans on addressing this issue through implementation of the registration and billing sub-system in VISION, which should be implemented by July 1, 1998.

**Responsible Person : Jared Florance, M.D. - Acting OIM Director Person**

- c). We concur with this finding, however we do not agree with the general statement. Our System Administration Group consists of three individuals, our AMA, Assistant Administrator and a Fiscal Assistant.

Both our AMA and Assistant Administrator provide very needed staff support to the fiscal areas and more specifically A/R operations routinely, because of past and present staff shortages. We recognize the desirable objective of strong system security by limiting access to system operations; but because of staffing issues we need staff indicated to continue to cover A/R functions as we presently operate. We hope that when we convert to VISION this problem will be resolved.

**Respondent - Joshua Lipsman, Alexandria Health Director**

- d). The current WIC system is an enhancement to the batch entry system that preceded it. The notable difference is that documents are now keypunched by local agency field staff, whereas before, inmates at a woman's prison keypunched WIC certification documents under contract. The net result is a significant cost saving to the state and a dramatic reduction in keypunch errors.

Now, as it was then, guarding against fraud is handled by policy. *The Virginia WIC Program Policy and Procedure Manual*, page H-2, requires local agencies maintain separation of duties to ensure staff certifying or determining financial eligibility on a client, do not issue, order, or inventory manual checks, nor do they reconcile the Unmatched Redemption Report.

To ensure WIC's separation of duty policy is carried out, as part of the monitoring tool the state office uses to evaluate local agency WIC programs, monitoring visit reviews are conducted in every district biannually.

A replacement to the current WIC system is under development as part of VDH's VISION project. It is due to be implemented in 1998. The replacement system will include security features defining user roles and controlling system access to users based upon those roles. WIC is looking into reporting to monitor separation of duties in the replacement system. It is not cost-effective at this time to modify the existing system.

Currently, there is a need for some central office employees to have update access to the WIC system. We've reviewed the current security setup with the analyst in charge of maintenance for the WIC system. We identified personnel who had access and evaluated the necessity. Those not requiring update access to perform their job duties were changed to inquiry only capability.

**Responsible Person: Margaret Tate, WIC Program Director and Thomas Banks, Agency Management Analyst. Implementation Date: Completed, reviews are ongoing.**

### **Complete Business Impact Analysis and Disaster Recovery Plan**

In May 1997, Health received drafts of a business impact analysis and disaster recovery plan prepared by a private consultant but has not completed the documents as required by the state's Council on Information Management. A business impact analysis identifies sensitive information systems and a disaster recovery plan provides for continuation of critical business functions in case of disaster. Senior management must ensure that OIM promptly completes the business impact analysis and disaster recovery plan.

### **Management Plan for Corrective Action**

OIM management has reviewed the draft of the business impact and disaster recovery plan. Finalization of the plan was delayed by the extended absence on medical leave of the responsible manager. The Acting Director of OIM has indicated that the final plan will be in place by July 1998 to correspond with the implementation of VISION.

**Person responsible: Jared Florance, M.D., Acting Director OIM, and Carroll Martin, OIM Operations Manager. Target Implementation Date: July 1998**

### **Improve Voucher Processing**

Health's control structure over voucher processing does not prevent fraud or facilitate compliance with state law as follows:

- As noted in prior audits, Health's procedures allow employees to process unauthorized expenses by adding unapproved vouchers to previously approved batches. Internal units and local health districts initially review and approve expense vouchers before batching and sending to the Division of Accounting Services for approval. The Division does a clerical review for signature, technical compliance, and coding prior to final approval and release for payment. The Division's reviewers cannot determine whether local departments authorized all vouchers in a batch because they are unfamiliar with local operations.
- Health has not complied with the Prompt Payment Act for the past three years. In fiscal 1997, Health paid only 86 percent of vendor invoices within 30 days; however, the Department of Accounts requires 95 percent compliance. Health attributes this noncompliance to delays in receiving invoices and receiving reports from cost centers delays due to cost center compliance errors and personnel vacancies in the Division of Accounting Services.

The Accounting Division has implemented corrective action plans to address these issues. First, OIM has re-engineered the current automated voucher processing system to add another access level for batch approval. The Division plans to implement this system statewide by June 1998. This will allow the cost centers to electronically approve batches before submission to the Division of Accounting Services for final review and posting to Commonwealth Accounting and Reporting System (CARS). To address

prompt payment, the Division developed new policies for voucher processing aimed at streamlining the process. These policies require cost centers to enter and approve all transactions electronically and reduce the time for submitting transactions from cost centers to the Division and then to CARS. The policies also allow the staff to monitor prompt pay compliance by cost center and implement corrective action where necessary.

The Division of Accounting Services should continue its efforts to automate the data entry, review, and approval processes at cost centers. After the statewide implementation of the new system, the Division should move final batch review and approval procedures to the cost centers.

### **Management Plan for Corrective Action**

#### **1. Publish Policy & Procedural Updates to Streamline Flow of Vendor Payments.**

Senior accounting management will publish a set of policy and procedural updates recommended by district, central office and Accounting staff. These updates address current agency policies that result in paperwork being routed to multiple offices for review and/or approvals prior to being sent to the Division.

**Responsible Person: S. Sullivan, Manager, Disbursements & Compliance**

**Target Date: 3/98**

#### **2. District/Cost Center Batch Approvals & Reduced Vendor Payment Paperwork**

The migration of the agency's financial and administrative systems from the mainframe to a client-server environment has been completed (10/97). This migration will enable cost center and district staff to run their batch transmittal listings and approve batches prior to sending to Accounting Services. OIM has completed the programming work required to establish necessary screen options in the financial system, including desired security for separation of duties on the keying and approval of payments. Draft instructions on using these new options and reducing vendor payment paperwork per CAPP section 20310-401 will be published and tested by the Division and field staff during March 98. APA and DOA will also receive these draft instructions for review and comment prior to their being incorporated in the agency's DAMM manual.

**Responsible Person: S. Sullivan, Manager, D&C, Target Date: 3/98**

#### **3. Complete Decentralization of Vendor Payment Processing**

Training sessions will be scheduled for the remaining districts and cost center units meeting criteria concerning volume of payments per month to key and approve batches prior to sending to Accounting Services, based on finalized instructions in step #2 above.

**Responsible Person: S. Sullivan, Manager, D&C, Target Date: 5/98**



**4. Eliminate 100% Pre-Audit of Vendor Payments by Accounting**

The Division of Accounting Services currently reviews all vendor payments prior to their release to the Department of Accounts. This has been necessary since the Accounting Services management have been responsible for batch approvals and certifications. In conjunction with district and central offices' approvals of batches, the Division will transition to a "Compliance Assurance" role, utilizing a combination of pre and post-audit, and sampling techniques as warranted by district/cost center accuracy and compliance performance and by staffing resources in Accounting Services. Freed up staff time will be redirected to improve the speed and quality of technical and customer support, i.e., handling vendor and staff inquiries re payments, check copies, etc.

**Responsible Person: S. Sullivan, Manager D&C Target date: 6/98 and Ongoing**

**5. CARS-based Reporting of Prompt Payment Performance**

The agency will report actual CARS data on prompt/late payments to cost centers on a monthly basis. Use of actual CARS data is intended to reinforce a "bottom-line" focus for Accounting Services and district/cost center staff. Senior management has indicated to Accounting Services and district/office directors that our focus must be working collaboratively on reaching prompt payment compliance.

**Responsible Person: S. Sullivan, Manager D&C, Target Date: 5/98 and Ongoing**

**6. Senior Management Reporting of Non-Compliant Units**

If payments for a cost center consistently fail to meet the 95% prompt payment threshold established by the Department of Accounts, the Disbursements & Compliance Manager will notify the Commissioner or appropriate Deputy or Assistant Commissioner, and Internal Audit Director via Oracle Office. A quarterly report of all units' performance will be provided to senior management as well.

**Responsible Person: S. Sullivan, Manager D&C Target date: 6/98 (Quarterly Report) and Ongoing**

**7. Request Decentralization from DOA's Pre-Audit Review**

Agency senior management and Accounting Services management are committed to ensuring that its business practices are in compliance with state and federal policies. In relation to prompt payment, the agency will implement this plan and is always open to additional suggestions from Department of Accounts and APA staff on improving its business practices. To further reinforce agency efforts on meeting prompt payment compliance, senior management intends to request that DOA move to a "post-audit" and consultative role with the VDH Manager of Disbursements & Compliance once sufficient progress is made with this action plan.

**Responsible Person: R. Zukowski, Fiscal Director Target date: When 95% rate is achieved for 1 month**

### **Strengthen Controls Over Cash Receipts**

The Washington County and Charlottesville, Portsmouth and Alexandria City Health Departments did not adequately safeguard receipts. Charlottesville and Washington did not segregate the duties of collection, reconciliation, and deposit of receipts. Segregation of duties is essential in maintaining adequate internal controls over cash accountability. Portsmouth did not approve adjustments posted to the Patient Care Management System. Alexandria did not reconcile receipts to the Patient Care Management System.

To maintain adequate internal controls, management should require all health departments follow all accounting policies. Management should take administrative action to emphasize the need to reconcile revenue in those health departments who consistently fail to follow procedures.

### **Management Plan for Corrective Action**

#### **By Alexandria Health District**

The Alexandria Health District does not concur with part of the finding. Our receipts are logged, accounted for and totaled to reconcile with each deposit. We do concur that we do not reconcile receipts to the PCMS Daily Report. While the Alexandria Health Department uses each provider as a site (19 currently for reporting to our local government) it is impossible to perform reconciliations. We are hoping that VISION will correct this problem. The Department has three facilities collecting funds with a Daily Report averaging 35 pages. To accomplish this function, would require a review of organizational staff at the clerical level.

**Respondent - Joshua Lipsman, M.D., Alexandria Health Director**

#### **By Thomas Jefferson Health District**

We concur with the APA findings regarding collections and deposits for the Charlottesville and Louisa Health Departments. The two instances of untimely deposits identified occurred when the individual with that responsibility was absent and her back-ups did not follow proper procedures. This break in procedure had previously been identified and noted in the log book kept by the local office. Those with back-up responsibilities have been reminded of the policy for timely deposits and this item is included in the audits done within the district.

Our solution to the separation of duties for picking up and reconciling cash in the Charlottesville clinic is to show proof of dual control as recommended in discussion with VDH Internal Audit. At Internal Audit's suggestion, our accountant will create a sign-off sheet that both a fiscal office employee and the clinic employee will sign at the time the fiscal employee counts the collections. This will help to ensure that both people agree on the amount of the collections turned over to the fiscal employee. The person preparing the deposit will be a third one to initial the control form, agreeing to the total amount collected.

**Respondent - Susan McLeod, M.D., Thomas Jefferson Health Director**

**By Mt. Rogers Health District**

We concur with the finding. In the Mt. Rogers Health District, the Accountant or the Fiscal Technician verifies all bank deposits on a routine basis. In addition procedures have been implemented to have a separation of duties between the reconciliation of receipts and monies collected from preparation of the bank deposits. One employee checks up each day reconciling the receipts to the moneys collected. Another employee makes the bank deposit.

**Respondent - Linda Davenport, District Business Manager**

**Improve Security Over Pharmaceutical Inventory**

Two health departments did not adequately secure prescription drugs against loss or theft. Inventories were accessible to employees and the public and these two health departments did not keep perpetual inventory records. The two health departments should immediately begin to store inventory and prescriptions securely and keep perpetual inventory records to periodically compare to amounts on hand.

**Management Plan for Corrective Action**

**By cited Health District**

We concur with this finding that the local health district has not been properly locking the storage area for pharmacy and medical supplies during business hours and does not maintain a perpetual inventory. The District management has ensured that pharmacy supplies have all been moved to a locked cabinet and that the cabinet is accessible by key only to approved staff. The medical supply storage area is also now being kept locked at all times and keys are being issued only to approved staff members who will issue supplies upon request and track such issuance.

It is expected that better inventory methods will be developed as part of the VISION system. In the interim, a simplified system of inventory has been implemented to track current supplies (medical and pharmacy) including issuance, ordering and receipt of such supplies.

**Respondent - Margaret Hendrick, District Administrator**

**By Cited Health District**

We concur with the finding. Computerized Perpetual Inventory was established August 27, 1997. Annual inventory and quarterly inventory audits have also been established to ensure compliance. Overall security has been improved to ensure that the entrance door to the pharmacy remains locked at all times. An electronic locking device and floor lock were installed on the entrance door August 30, 1997. Staffs have separate codes that allow them entrance to the pharmacy. An additional mirror has been installed to give visibility to the front of the pharmacy from the back area. Prescriptions not picked up at the end of the day are secured behind an additional set of locks.

**Respondent - Venita Newby-Owens, M.D. District Health Director**

**Improve Collection of Accounts Receivable**

As noted in previous audits, Health does not properly collect past due receivables, decreasing cash available for operations. Ten of the 35 health districts failed to comply with departmental policy and did not submit past due accounts to a collection agency. One health district did not submit past due accounts to the debt set-off program. Delays in pursuing collection of receivables greatly reduce the likelihood of collection. To improve cash flow, management should require all districts and departments to comply with procedures and take administrative action against those who do not follow policies.

**Management Plan for Corrective Action**

Jeff Lake, the Assistant Commissioner for Community Health Services is monitoring the status of accounts receivable in districts on an ongoing basis, with the goal of improving collections.

**By Alexandria Health District**

We concur with the finding. The Alexandria Health Department will develop a schedule to monthly submit debt setoff accounts for approval per section 20500 of the CAPP Manual. Implementation has already begun with the November 1997 submission and will continue each month. Administrative staff will meet with the Health Director in the next few weeks to discuss the use of collection agencies. We will review advantages as well as revenue impact in establishing a contract. We must take into consideration the amount of documentation, staff time required for referral and whether it will enhance revenues after contract cost.

**Responsible Person: Lynne McGlothlin, District Accountant**

**By Loudoun Health District**

We disagree with the finding concerning referral of overdue accounts to debt set off program. As verified by Darlene Woods in the VDH Division of Accounting Services, we have taken the following actions.

- 1) On November 5, 1996, we submitted 169 delinquent accounts in the amount of \$11,425.09 to the debt setoff program. Thus far, we have received as outstanding payments against these accounts: \$2,341.76.
- 2) On November 4, 1997, we submitted 49 delinquent accounts in the amount of \$3,885.12 to the debt setoff program.

Concerning the preferred criteria, we refer you to the VDH accounts receivable policy of May 1995 in the DAMM, page B&A-33.6. In referring to the debt set off program, it states that we are to "run the Setoff report to identify the accounts that are greater than \$10.01 with a balance that is 90 days past the due date," rather than the 30 days you mentioned. **Respondent - George Tulli, District Business Manager**

**By Allegheny and Roanoke City Health Districts**

We concur with the finding. Our action plan is to refer this matter to a standing committee representing all local health departments in the district. This committee will be charged with devising a plan within the guidelines given, to be implemented within 90 days.

**Responsible Person: Milton Carter, District Business Manager**

**By Pittsylvania/Danville Health District**

We concur with the finding. The business manager and accounts receivable staff developed an action plan to bring receivables into compliance and are in the process of reviewing district totals and aging of accounts. Progress has been made and we will continue to monitor receivable status.

**Respondent - Dennis Swanson, M.D., Pittsylvania/Danville Health Director**

**By Mt. Rogers Health District**

We concur with the above findings. All accounts receivable in the Mt. Rogers District are now billed on a 30/60/90 day schedule. Since the Set Off Debt program has worked so well for this District, we also continue to submit all delinquent accounts to the Treasurer's office for collection.

**Respondent - Linda Davenport, District Business Manager**

**By Crater Health District**

We concur with this finding. We have corrected the delinquency and submitted the overdue accounts to the Collection Agency on 11/28/97.

**Margaret Hendricks - Crater Health District Business Manager**

**By Hanover Health District**

The Hanover District concurs with the finding. The District's Fiscal Assistant, Suzanne Hubbard, has submitted all inactive accounts overdue for more than 90 days to the statewide collection agency. Submissions are now current.

**Respondent - Steve Fuhrmann, Hanover District Operations Manager**

**By Eastern Shore Health District**

We concur that Eastern Shore Health District did not submit accounts to the statewide collection agency, although it has aggressively referred all accounts to debt setoff. District management and staff will identify accounts meeting criteria for referral to the collection agency, and will refer those accounts for collection actions. A plan for continuing referral of delinquent accounts will be established and monitored. We estimate our completion date as April 30, 1998, for referral of existing delinquent Accounts. Process will continue for accounts that become delinquent in accordance With policy.

**Respondent - Scott Chandler, Eastern Shore Health District Business Manager**

**Responsible Person: Scott R. Chandler, Administrative Manager**

**By Hampton Health District**

We concur with the findings. Hampton fell behind in submitting accounts due to staff turnover and shortages in the fiscal department. We are now fully staffed, and dealing with the backlog of overdue accounts. We anticipate being caught up and submitting all accounts by the end of the next quarter (03/31/98). After that we will stay current in this matter.

**Respondent - William Berg, M.D., Hampton Health District Director**

**Estimated completion date: 31 March 1998**

**Responsible Person: Diane Plant, Senior Accountant**

**By Three Rivers Health District**

We concur with the finding. We have submitted a listing of 194 accounts totaling \$13,248.12 on December 1, 1997 to the designated collection agency. In addition on December 9, we submitted 371 accounts in the amount of \$25,471.28 to the collection agency. We have reminded clerks in all 10 local health departments of collection procedures to be followed.

**Respondent - Philip Winter, M.D., Three Rivers Health Director**

**By Portsmouth Health District**

Non-concurrence with Lab Accounts Receivables because Laboratory Accounts Receivables are being/have been captured in PCMS.

We concur with Pharmacy Receivables finding. The Reengineering Team recommended hiring a part-time Fiscal Assistant for the Pharmacy to perform accounts receivable functions. A new wage position has been requested of OQIHR. As soon as approval is received, the recruitment & selection process will proceed. When a new staff person is on board, he/she will work to bring the department in compliance with agency policy for aging and collection of past due accounts receivable.

**Respondent - Venita Newby-Owens, M.D., Portsmouth Health Director**

**Estimated Completion Date: April 15, 1998**

**Responsible Persons: Angela Tillery, Business Manager C; Sandra Lamb, Office Services Supervisor, Sr.; Casey Peoples, Pharmacy Supervisor**

**Segregate Duties for WIC Employees who Receive WIC Checks**

The Charlottesville WIC Clinic did not adequately segregate duties for WIC employees who also receive WIC benefits. Two employees prepared their own WIC certification forms. One of these employees did not have adequate income eligibility documentation. Lack of segregation of duties could result in fraud and abuse of WIC program benefits. The Virginia WIC Program Policy and Procedure Manual prohibits employees who are WIC participants to issue or complete the certification form for themselves. Health should review WIC files for WIC employees' who also receive benefits for completeness, strictly enforce the policy of proper segregation of duties for WIC employees, and take strict administrative action against employees who violate the policy.

### **Management Plan for Corrective Action**

#### **By Thomas Jefferson Health District**

We concur with the finding. The employees were disciplined and the proper documentation was put in WIC records for their family members. Both employees have had an increase of family income subsequently and the family members were terminated from the program as no longer eligible for WIC benefits. To prevent this in the future all staff who work with WIC clients will be given a copy of the WIC policy regarding the separation of WIC duties. This will be reinforced during orientation to the WIC policy and procedure manual which will be accomplished jointly by the Nutritionist Supervisor and the Program Support Tech Sr. for health services. They will also assure that a quarterly chart review is done to assure compliance with program policies and identify staff training needs which they will then accomplish.

**Respondent - Susan McLeod, M.D., Thomas Jefferson Health Director**

### **Limit Access to Blank WIC Checks**

Finding: The Alexandria, Newport News, and Prince George WIC clinics stored blank WIC checks in unsecured areas, affording all employees access to the checks. Additionally, the Washington County WIC clinic did not perform monthly physical inventories of blank WIC manual check registers. These WIC clinics did not follow procedures to safeguard manual WIC checks, as outlined in the WIC manual and federal regulations.

Requirement: 7 CFR Part 246.12(l), "Food Delivery Systems," requires the agency to control and account for the receipt and issuance of food instruments and to ensure secure storage of unissued food instruments. The Virginia WIC Program Policy and Procedure Manual, Section D, "WIC Checks," requires the local health departments to inventory WIC manual check books monthly and to store manual checks in a locked and secure place with access limited to designated staff.

Recommendation: The WIC Division should emphasize to health departments the importance of safeguarding and limiting access to WIC drafts and require compliance with procedures.

### **Management Plan for Corrective Action**

#### **By Crater Health District**

We do not concur with the finding. Prince George Health Department has a locked file cabinet for the specific purpose of storing blank WIC checks. The checks are always stored in that locked cabinet. We have verified this with the WIC Office Services Specialist. **Respondent - Grayson Miller, M.D., Crater Health Director**

**By Alexandria Health District**

We do not concur with the finding. At the Alexandria Health Department blank WIC checks are stored in a lateral file cabinet in the WIC administrative office. When the office is closed, the file cabinet is locked and the key is stored in the desk of one of the Office Service Specialists (OSS). The door to the office is also locked. During office hours, the file cabinet is not locked, but any time the office is vacated, even momentarily, the door is locked. WIC staff who regularly work at this site have a key to the office door. WIC staff who might need to issue checks know where the file cabinet key is kept so that clients may be served if the OSS staff are not available.

**Respondent - Katherine K. Benjamin, Nutrition Supervisor**

**By Peninsula Health District**

We do not concur with the finding. Storage of blank vouchers are kept in three places. When the initial order is received, the books are inventoried to ensure the order is complete, and then they are placed in the vault safe in the business office at the front of the building. The books needed for the actual running of the clinics are stored in the WIC clinic area in a closet that remains locked all during the day and evening hours. Each day one book of each food package is placed in a file cabinet with a lock in the back of the WIC clinic area. This file cabinet system was established in July of 1996. Each of the WIC staff members has access to the books. All of the nutrition staff are responsible for issuing vouchers, but on "normal" days there are approximately two people who issue the appropriate vouchers. These two staff members are not responsible for eligibility and/or certifications. Therefore, there is separation of duties. Once the day's clinic is complete, the books are returned to the locked closet for storage for the night. Due to the number of clients we see daily, locking up the vouchers each time and removing the books from the closet when a client needs vouchers and then replacing the books back into the closet would increase the time a client needs to spend in the WIC office interrupting the smooth flow of the clinic visit. WIC is a separate unit from the rest of the health department. The file cabinet is behind the counter in the back of the office area. This area is never without one of our staff members present at all times. Since this process of securing the Food Package voucher books was implemented, there have been no lost or stolen vouchers. Creating a more restrictive process/system would not result in improvement and would in fact, create an unnecessary inconvenience to the staff and clients.

**Respondent - Daniel Warren, M.D., Peninsula Health Director**

**By Mt Rogers Health District:**

In checking on the status of the WIC Blank Manual checks in Washington County, we found that the inventory has been conducted each month along with all other Food package Codes. The checks are kept in a locked drawer. In July 1997 the inventory was not conducted due to the WIC Office Services Specialist being on an extended sick leave. Since July 1997 the inventory has been done on a monthly basis.

**Respondent – Linda Davenport, Business Manager**



**Monitor Federal Fund Subrecipients**

Finding: Health did not properly monitor subrecipients of federal funds. As noted in the previous audit, three local health districts separated from Health and became subrecipients of federal funds. Health did not review the audit reports for two of these districts.

Requirement: 7 CFR Part 3016.26, "Non-Federal Audit", requires grantees to determine whether subgrantees have met the audit requirements of the "Single Audit Act". The grantee shall determine whether the subgrantees spent federal funds according to applicable regulations and take adequate corrective action if necessary.

Recommendation: Health should ensure that all subrecipients are monitored timely.

**Management Plan for Corrective Action**

Community Health Services will work to obtain these reports more timely, and forward them to Internal Audit for review as soon as they are received from the locally administered health departments. Community Health Services has requested that the audit reports for FY97 be sent to the Central Office for review by Management and Internal Audit. A corrective action plan for issues identified will be initiated.

**Person responsible for implementation: Jeff Lake, Assistant Commissioner for Community Health Services, Target Date: March 1998**